

Table 1
MatSu Employment
1980-1987

Industry	1980	1981	1982	1983	1984	1985	1986	1st half 1986	1st half 1987	Percent 1st half 1986 to 1987
Nonag. Wage & Salary	3,265	3,701	4,383	5,355	6,542	6,991	6,699	6,758	6,275	-7.1%
Mining	34	99	101	21	*	*	*	*	*	*
Construction	178	253	518	778	971	710	427	379	235	-38.0
Manufacturing	37	106	70	67	111	111	88	83	77	-6.7
Trans. Comm. & Util.	319	343	381	525	595	670	680	666	671	0.8
Trade	733	748	898	1,173	1,547	1,736	1,590	1,545	1,647	6.6
Wholesale Trade	44	44	54	64	97	125	112	113	86	-24.3
Retail Trade	689	704	845	1,109	1,450	1,611	1,479	1,432	1,561	9.0
Finance-Ins & R.E.	120	131	189	208	280	290	296	316	219	-30.9
Services	460	537	604	793	991	1,129	1,101	1,117	992	-11.2
Government	1,341	1,418	1,564	1,734	1,977	2,229	2,425	2,545	2,396	-5.9
Federal	112	103	101	104	112	100	105	106	100	-6.1
State	403	460	545	596	651	737	761	750	737	-1.7
Local	826	855	919	1,035	1,214	1,392	1,559	1,689	1,559	-7.7
Miscellaneous	34	66	51	56	*	*	*	*	*	*
Total Wages (in thousands \$)	\$62,123	\$77,524	\$101,344	\$123,269	\$159,850	\$165,294	\$158,836	\$78,746	\$72,907	-7.4
Ave Monthly Wage	\$1,586	\$1,742	\$1,920	\$1,912	\$2,034	\$1,969	1,976	\$1,942	\$1,935	-0.4
Number of Firms	398	434	537	660	840	918.5	862	887	750	-15.5

* Nondisclosable

Source: Alaska Department of Labor, *Statistical Quarterly*

Note:(1) These figures do not include the National Guard employment increase which occurred late in 1986. They include 78 part-time and 35 full-time employees with an annual payroll of approximately \$2 Million. (2) The employment statistics used in this table are based on nonagricultural wage and salary employment data by place of work and does not include self employed persons. It is important to keep in mind these statistics reflect jobs by place of work and thus do not reflect the total number of Matsu residents that have lost their jobs in Anchorage or elsewhere in the state. The statistics that reflect employment by place of residence are contained in the labor force statistics. To avoid confusing the two this analysis is limited to nonagricultural employment.

ginning to show signs of life and the population decline in the MatSu Borough is beginning to stabilize. This change is suggested by various indicators of population; telephone hookups, traffic counts and school enrollment. All of these indicators are down but they all seemed to be leveling out near the end of 1987. Unless we see a recurrence of the downturn early in 1988 it is likely that a turnaround is in store in late 1988 and early 1989.

Of course not all sectors will recover together. Those sectors with over capacity will continue to have declines in employment and the return of a healthy real estate market is further off than moderate job gains. Overall, look for a tapering off of job losses in 1988 and some gains by 1989.

Some of the highlights to watch for in 1988 will be a continued increase in tourism in the valley. Mountain climbers who arrive in May and June

boost Talkeetna's economy every year. Also watch for the increase in the number of kindergarten and first graders entering school. For the past several years the school district has been gaining more lower grade students than it is losing in graduating seniors. About 450 seniors will graduate this spring, but over 880 kindergartners will become first graders and a similar size kindergarten class is expected to enroll next year. Thus it is likely that local education employment will grow slightly in 1988.

Look for steadier local government budgets, which means stable employment in local government for next year. VECO will hire 50 workers to build four oil recovery structures in Wasilla to be shipped to the North Slope. The planned construction of a new courthouse in Palmer and golf course should help the construction industry.

The Kenai Peninsula Borough: An Economic Assessment

By Neal Fried

Economically speaking, 1987 was another rough year for the Kenai Peninsula. Employment declines continued in most industries, unemployment remained high while wages fell faster than employment, the number of building permits issued fell to levels not seen since the early 1970s, school enrollments declined, and sales figures brought little good news.

The Kenai Peninsula is one of the areas hardest hit by the present recession. In 1986 the peninsula's wage and salary work force declined 6.4% and in the first six months of 1987 it fell 6.1% from the first six months of 1986. All told, there are 1,000 fewer jobs on the peninsula today than there were in 1985. Its work force has regressed in size to the 1983-1984 level. Of the State's 23 boroughs and census areas, the peninsula's employment losses since the beginning of the recession in 1986 rank fifth percentage-wise. This is despite the fact that the peninsula has one of the most diverse private sector economies in the state: large fishing, tourism, and oil industries and a hydrocarbon based manufacturing industry which includes two petroleum refineries, a liquid natural gas plant and an ammonia-urea manufacturing complex.

Part of the explanation lies in the fact that the Kenai Peninsula Borough was among the fastest growing economies during the oil revenue boom era in the early 1980s and is therefore falling the hardest during the oil revenue bust (Figure 1). The Kenai Peninsula, measured by employment, was the third fastest growing area in the state during this period (45.4%) and most of the growth was the result of expenditure of state oil revenues. Tourism also contributed to this growth but the area's other basic sectors contributed little. Despite having a diversified economy, most of the growth which took place in the 1980s was extremely vulnerable to a decline in oil revenues.

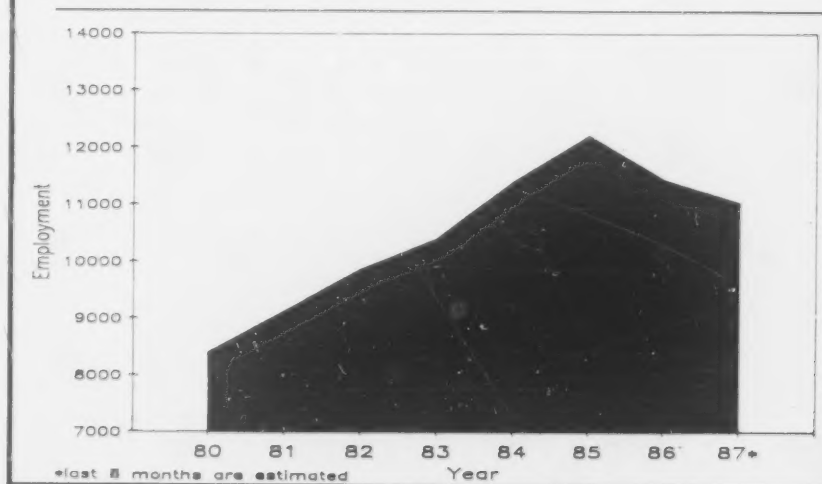
Few Industries Escape Losses

Most major industry categories have lost ground (Table 1). The biggest loser has been the construction industry. Construction employment began falling in 1986 and by 1987 employment in construction had fallen almost to 1980 levels. Much of the secondary sector (services and finance-insurance and real estate) didn't experience losses until 1987, as the initial declines in the economy caught up with these industries.

Retail and wholesale trade employment fell both in 1986 and 1987. The opening of a Fred Meyer store in Kenai in late 1987 provided new job opportunities in retail trade. Taxable sales (excludes wholesale, construction sales, and retail purchases over \$500) on the peninsula, however fell 5% from 1985 to 1986 and again by

The Kenai Peninsula is one of the areas hardest hit by the present recession.

Figure 1
Kenai Peninsula Employment, 1980-1987



4% for the first three quarters of 1987 from the like period in 1986 (Table 2). Possibly more telling has been the 7.5% decline in gross sales in 1987, which would include big ticket items such as large household furnishings, snow machines, construction materials, automobiles and other large items. Falling incomes and economic uncertainty are apparently causing people to put off these purchases until some future date.

The Kenai Peninsula's oil industry work force, the second largest in the state in terms of its percent share of

total employment, was trounced by the oil price declines. By early 1987 oil industry employment had fallen by 29% from its peak. A number of oil industry service companies are based out of Kenai, and this segment of the state's oil industry was particularly hard hit when the oil industry contracted.

State and local government has also lost employment, but the losses have generally been small. Not all the impacts are in the employment statistics. For example Kenai Peninsula Borough employees' pay was temporarily cut 10% by shortening their work week.

The tourism picture was mixed. An increase in out-of-state visitors helped to offset the loss of Alaskan clientele. Tourism catering to Anchorage and Southcentral Alaska suffered because there were fewer residents with less income to spend.

The losses in employment quickly translated into a higher unemployment rate which went from 14.1% in 1985 to 17.6% in 1986, the highest in the state (Figure 2). The number of unemployed stood at 3,000 in 1986. In 1987 the rates began to fall; not as a result of an improved economic picture, but because many of the unemployed decided to leave Alaska or drop out of the labor market, and therefore went uncounted.

Communities in the Borough

There are four large communities on the peninsula—Kenai, Soldotna, Homer and Seward (figure 3). With the exception of Kenai and Soldotna, their economies operate independently of each other and have had different experiences during the past two years.

Kenai-Soldotna

The economy of the Kenai-Soldotna or central peninsula area dominates the Borough by virtue of its size. Seventy percent of the borough's employment is concentrated on the central peninsula. Its downturn has been somewhat more severe than the remainder of the borough (Table 3).

Overcapacity built into the economy during the prosperous years of 1980-1985 compounded the problem.

Figure 2
Unemployment Rates 1985–1987,
Alaska and Kenai Peninsula

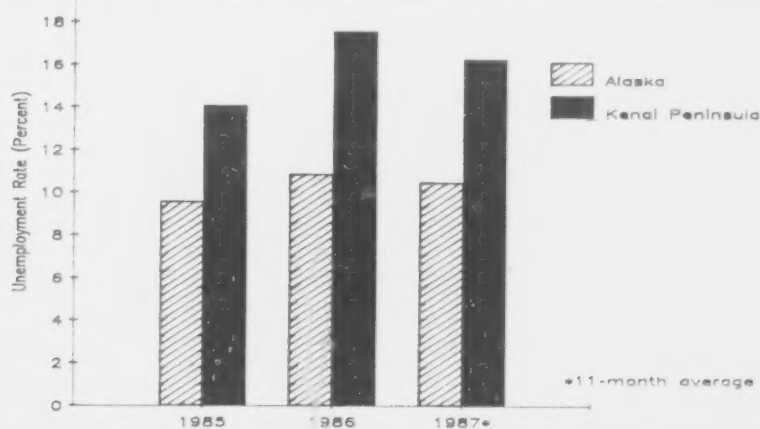
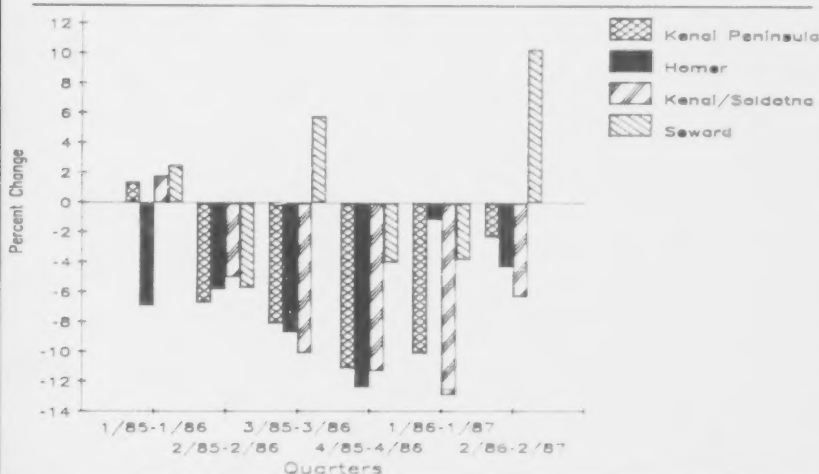


Figure 3
Percent Change in Employment by Quarter, 1985–1987



The price of single family homes has fallen 35-40% and some commercial space as much as 50%. Local sources expect additional softening in the real estate market before prices stabilize. This puts an additional drag on real estate, construction and retail trade.

Homer

Homer's economy was squeezed in 1986 much like the rest of the state, losing 8% of its employment, but in 1987 employment and sales figures fell only slightly (Table 4). A good tourism and fishing season prevented additional deep declines in 1987.

If construction of the Bradley Lake hydroelectric project and the home porting of Oceanrawl's bottomfish-

ing operation takes place as planned, Homer's economy should improve significantly. Bradley Lake's work force could peak at approximately 200 in 1988 and Oceanrawl has estimated that as many as 100 people may be hired in their operation in 1988 and the number could double by 1989. Because of these two projects, Homer's prospects for 1988 appear considerably better than they do for much of the remainder of the borough.

Seward

Seward's economy has been impacted differently than the rest of the borough because the state's oil revenue boom largely skipped Seward. Employment grew little from

Table 1
Kenai Peninsula Employment by Industry
1985-1987

	1985 Annual Average	1986 Annual Average	Percent Change 1985-1986	6 Month Average 1986	6 Month Average 1987	Percent Change 1986-1987
Total	12,214	11,436	-6.4%	11,212	10,529	-6.1%
Mining	828	935	12.9	1,001	711	-29.0
Construction	1,387	864	-37.8	762	639	-16.1
Manufacturing	1,419	1,295	-8.7	1,095	1,100	0.5
Trans. Comm. & Util.	934	678	-27.4	761	546	-28.3
Trade	2,436	2,318	-4.8	2,221	2,206	-0.7
Wholesale	382	381	-0.3	375	362	-3.3
Retail	2,054	1,937	-5.7	1,846	1,844	-0.1
Finance-Ins. & R.E.	366	375	2.5	394	319	-18.9
Services & Misc.	1,930	2,040	5.7	1,990	1,936	-2.7
Government	2,915	2,932	0.6	2,990	3,072	2.7
Federal	210	225	7.3	217	206	-4.8
State	836	823	-1.6	829	777	-6.2
Local	1,870	1,885	0.8	1,945	2,088*	7.4

Source: Alaska Department of Labor, Statistical Quarterly.

* The method used to record school district employment does not account for small declines that occurred in 1987, resulting in an overstatement of local government employment.

Table 2
Kenai Peninsula Borough Taxable Sales Figures
1985-1987

	1985 Annual Sales	1986 Annual Sales	Percent Change 1985-1986	9 Month Average 1986	9 Month Average 1987	Percent Change 1986-1987
Borough	\$348,329,463	\$330,622,941	-5.1%	\$255,435,612	\$244,930,745	-4.1%
Kenai	76,279,352	70,883,866	-7.1	53,860,146	49,668,834	-7.8
Soldotna	86,990,850	84,113,053	-3.3	63,506,265	58,886,543	-7.3
Homer	54,990,691	53,581,239	-2.6	42,675,715	41,601,899	-2.5
Seward	25,231,782	26,172,424	3.7	21,126,545	21,283,686	0.7
Balance	104,836,788	95,872,359	-8.6	74,266,941	73,489,783	-1.0

Source: Kenai Peninsula Borough.

Table 3
Kenai-Soldotna Employment by Industry
1985-1987

	1985 Annual Average	1986 Annual Average	Percent Change 1985-1986	6 Month Average 1986	6 Month Average 1987	Percent Change 1986-1987
Total	8,581	8,024	-6.5%	7,972	7,213	-9.5%
Mining	735	850	15.6	911	644	-29.4
Construction	1,029	618	-39.9	566	420	-25.8
Manufacturing	1,068	1,009	-5.5	839	844	0.6
Trans. Comm. & Util.	602	401	-33.4	474	333	-29.7
Trade	1,823	1,663	-8.8	1,611	1,582	-1.8
Wholesale	325	307	-5.6	313	281	-10.4
Retail	1,499	1,356	-9.5	1,298	1,301	0.2
Finance-Ins. & R.E.	263	278	6.0	295	196	-33.6
Services & Misc.	1,258	1,369	8.8	1,366	1,257	-8.0
Government	1,803	1,836	1.8	1,910	1,938	1.4
Federal	107	105	-1.9	106	106	0.5
State	561	573	2.1	581	532	-8.4
Local	1,134	1,157	2.0	1,224	1,300	6.2

Source: Alaska Department of Labor, ES202.

Table 4
Homer Employment by Industry
1985-1987

	1985 Annual Average	1986 Annual Average	Percent Change 1985-1986	6 Month Average 1986	6 Month Average 1987	Percent Change 1986-1987
Total	1,676	1,533	-8.5%	1,462	1,421	-2.8%
Mining	7	3	-50.0	1	0	-100.0
Construction	252	125	-50.5	115	85	-26.2
Manufacturing	175	138	-21.0	121	122	1.2
Trans. Comm. & Util.	188	177	-5.9	176	149	-15.3
Trade	314	334	6.3	328	332	1.4
Finance-Ins. & R.E.	74	68	-8.1	70	56	-20.0
Services & Misc.	270	281	4.3	249	237	-4.8
Government	398	408	2.6	404	440	9.0
Federal	39	39	-0.6	40	39	-2.5
State	21	18	-13.3	18	29	58.3
Local	338	351	3.9	346	373	7.8

Source: Alaska Department of Labor, ES202.

1980-1985, but it managed to be one of the few areas of the state which staved off declines in 1986-1987 (Table 5). In 1987 employment managed to grow slightly, no small feat in light of the state's economy. Sales figures also improved during the 3rd and 4th quarters of 1987. Construction of the Springs Creek correction facility, tourism, and the coal loading activity has helped bolster the area's economy. Staffing the Spring Creek facility could keep Seward's economy moving ahead in 1988. Plans call for 180-200 employees to be hired for the facility which would cause Seward's wage

Table 5
Seward Employment by Industry
1985-1987

	1985 Annual Average	1986 Annual Average	Percent Change 1985-1986	6 Month Average 1986	6 Month Average 1987	Percent Change 1986-1987
Total	1,232	1,229	-0.2%	1,167	1,207	3.5%
Construction	32	68	115.9	44	105	141.4
Manufacturing	171	139	-18.3	128	132	3.5
Trans. Comm. & Util.	138	98	-29.0	110	61	-44.3
Trade	175	202	15.1	170	203	19.8
Finance-Ins. & R.E.	23	22	-2.2	22	20	-9.1
Services & Misc.	262	260	-1.0	258	203	-21.2
Government	433	441	1.7	437	420	-3.9
Federal	39	52	34.2	50	35	-30.0
State	241	220	-8.6	220	205	-7.0
Local	154	169	9.6	167	180	8.1

Source: Alaska Department of Labor, ES202.

and salary work force to grow quite dramatically.

Conclusion

The economic prospects for Homer and Seward will help offset the depressed central peninsula. The dramatically devalued dollar should encourage additional U.S. tourists and increase the number of foreign tourists. Westours, Alaska's largest tour operator, recently announced it

would offer additional packaged tours to the Kenai Peninsula and cruise ship traffic to peninsula communities is projected to increase again this year. Tourism's brighter prospects in 1988 should help the entire peninsula. Given the potential activity for Seward and Homer and improved tourism the Kenai Peninsula Borough's economy is beginning to look better than the remainder of Southcentral Alaska.

Alaska's Employment Scene

By Edward Eboch

December employment estimates offered little holiday cheer. Those industries that usually benefit from Christmas buying did not appear to be having a good holiday season as employment in trade fell, contrary to the usual seasonal increase. In addition, the over-the-year losses still persist although they continue to narrow from the previous year (Table 1). Alaska's unemployment rate edged up slightly in December to 9.7% (Table 9) This was a dramatic improvement over last year's rate of 11.2% as this December's rate was one of the lowest in the 1980s.

Alaska's total personal income fell .4% from the second quarter to the third quarter 1987 and was down 4.4% over-the-year.¹ The drop from second to third quarter was the second year that third quarter total personal income fell. Typically third quarter data increases as Alaska's employment peaks for the year during this quarter.

Alaska's projected exports at \$1.44 billion² were up in 1987 and are expected to rise again in 1988. The improved exchange rate should help exports of fish and timber and also make Alaska a more desirable tourist destination for overseas visitors.

¹ U.S. Department of Commerce, Bureau of Economic Analysis BEA 88-01, January 21, 1988.

² *Alaska Business Monthly*, Pacific-Alaska International Trade Report, February 1988, p. 24.

The next several months should give evidence to whether the economic slide is ending.

Table 1
Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	Changes From:				
	p/ 12/87	r/ 11/87	12/86	11/87	12/86
Nonag. Wage & Salary	203,400	206,400	211,400	-3,000	-8,000
Mining	7,900	7,900	8,300	0	-400
Construction	9,100	10,400	11,200	-1,300	-2,100
Manufacturing	9,700	11,300	7,900	-1,600	1,800
Food & Kindred Prod.	4,200	5,200	2,700	-1,000	1,500
Lumber & Paper Prod.	2,600	3,000	2,200	-400	400
All Other Mfg.	2,900	3,100	3,000	-200	-100
Trans. Comm. & Utilities	16,900	17,000	17,300	-100	-400
Trucking & Whseing.	2,100	2,000	2,000	100	100
Water Transportation	1,000	1,000	1,000	0	0
Air Transportation	5,200	5,300	5,300	-100	-100
Other Trans. Comm. & Utilities	8,600	8,700	9,000	-100	-400
Trade	41,200	41,300	43,700	-100	-2,500
Wholesale	7,300	7,300	7,400	0	-100
Retail	33,900	34,000	36,300	-100	-2,400
Gen. Mer. & Apparel	5,700	5,500	5,800	200	-100
Food Stores	6,100	6,000	6,200	100	-100
Eating & Drinking Pl.	11,400	11,800	12,700	-400	-1,300
Other Retail Trade	10,700	10,700	11,600	0	-900
Finance-Ins. & R.E.	11,200	11,200	12,300	0	-1,100
Services & Misc.	41,000	40,700	42,800	300	-1,800
Government	66,400	66,600	67,900	-200	-1,500
Federal	18,600	18,600	18,600	0	0
State	18,800	19,100	19,100	-300	-300
Local	29,000	28,900	30,200	100	-1,200

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1986.

p/ Denotes Preliminary Estimates.

r/ Denotes Revised Estimates.

The next several months should give evidence to whether the economic slide is ending or the apparent improvements are just temporary. An indication of the level of state government spending, an important factor to the health of the state's economy, should clarify the picture. The Alaska legislature is working on the governor's jobs bill, with a mid-March target date, that should give a shot in the arm to the construction industry, the hardest hit sector in the economy. This bill, if passed, will offer temporary help to the hard hit economy.

While Alaska's other basic economic sectors are doing well, Alaska's economic recovery still depends on the price of oil and associated state revenues. The oil companies have indicated an intent to increase explora-

tion and development budgets if the price of oil remains in the \$18 a barrel range. The State's fiscal year 1988 budget was based on a lower figure but state spending is very sensitive to the change in the price of oil. Both oil company and state government expenditures can be expected to increase if oil prices remain at current levels. If that were to happen we could conclude that the worst of Alaska's current economic difficulties are over and some economic improvements could be expected.

Industry Employment

Mining employment remained level over-the-month with a slight improvement in oil and gas employment offsetting seasonal losses in mineral mining and other mining employ-

Table 2
Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	Changes From:				
	p/ 12/87	r/ 11/87	12/86	11/87	12/86
Nonag. Wage & Salary	100,650	101,150	105,700	-500	-5,050
Mining	3,200	3,250	3,150	-50	50
Construction	4,750	5,600	5,850	-850	-1,100
Manufacturing	2,050	2,150	2,150	-100	-100
Food & Kindred Prod.	400	400	400	0	0
Other Mfg.	1,650	1,750	1,750	-100	-100
Trans. Comm. & Utilities	8,600	8,650	9,050	-50	-450
Trucking & Whseing.	1,300	1,300	1,350	0	-50
Water Transportation	250	250	250	0	0
Air Transportation	2,750	2,800	2,950	-50	-200
Other Trans. Comm. & Utilities	4,300	4,300	4,500	0	-200
Trade	24,800	24,700	26,250	100	-1,450
Wholesale	5,450	5,450	5,700	0	-250
Retail	19,350	19,250	20,550	100	-1,200
Gen. Merchandise	2,100	2,000	2,150	100	-50
Food Stores	3,150	3,100	3,150	50	0
Eating & Drinking Pl.	7,150	7,300	7,850	-150	-700
Other Retail Trade	6,950	6,850	7,400	100	-450
Finance-Ins. & R.E.	7,250	7,200	8,050	50	-800
Services & Misc.	23,700	23,550	24,400	150	-700
Government	26,300	26,050	26,800	250	-500
Federal	10,600	10,500	10,350	100	250
State	7,000	6,950	7,150	50	-150
Local	8,700	8,600	9,300	100	-600

**Manufacturing
continues to be the
bright spot in Alaska's
economy.**

Table 3
Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

	Changes From:				
	p/ 12/87	r/ 11/87	12/86	11/87	12/86
Nonag. Wage & Salary	106,700	107,350	112,400	-650	-5,700
Mining	3,200	3,250	3,150	-50	50
Construction	4,950	5,800	6,150	-850	-1,200
Manufacturing	2,050	2,200	2,200	-150	-150
Trans. Comm. & Utilities	9,250	9,350	9,750	-100	-500
Trade	26,200	26,100	27,850	100	-1,650
Finance-Ins. & R.E.	7,850	7,800	8,600	50	-750
Services & Misc.	24,700	24,550	25,550	150	-850
Government	28,500	28,300	29,150	200	-650

ment. Oil and gas employment seems to have bottomed out at 1983-84 levels while mineral mining is showing significant improvements after the lows of the early 1980s.

Construction employment continues to lead the year-to-year losses, down 20% from December 1986. This years level is most comparable to December 1980. Even with the jobs bill the outlook for the construction industry will remain gloomy unless

oil development or the State's capital budget increases dramatically.

Manufacturing continues to be the bright spot in Alaska's economy. Both timber and fishing have substantial over-the-year gains despite seasonal declines in December. With the improved exchange rate and the Japanese economy increasing their consumption the outlook for this industry remains bright. There is discussion of new wood processing mills

Table 4
Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	p/ 12/87	r/ 11/87	12/86	Changes From:	
				11/87	12/86
Nonag. Wage & Salary	24,750	25,350	26,500	-600	-1,750
Mining	50	50	100	0	-50
Construction	1,350	1,550	1,550	-200	-200
Manufacturing	500	500	600	0	-100
Trans. Comm. & Utilities	2,350	2,400	2,550	-50	-200
Trucking & Whseing.	350	350	400	0	-50
Air Transportation	850	850	900	0	-50
Other Trans. Comm. & Utilities	1,150	1,200	1,250	-50	-100
Trade	5,450	5,500	5,750	-50	-300
Wholesale	750	750	900	0	-150
Retail	4,700	4,750	4,850	-50	-150
Gen. Mer. & Apparel	650	600	700	50	-50
Food Stores	800	800	750	0	50
Other Retail Trade	3,250	3,350	3,400	-100	-150
Finance-Ins. & R.E.	900	900	1,050	0	-150
Services & Misc.	5,050	5,100	5,600	-50	-550
Government	9,100	9,350	9,300	-250	-200
Federal	2,850	2,900	2,900	-50	-50
State	3,800	4,000	3,800	-200	0
Local	2,450	2,450	2,600	0	-150

Table 5
Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	p/ 12/87	r/ 11/87	12/86	Changes From:	
				11/87	12/86
Nonag. Wage & Salary	28,250	29,200	30,450	-950	-2,200
Mining	200	200	250	0	-50
Construction	1,400	1,600	1,600	-200	-200
Manufacturing	500	550	600	-50	-100
Trans. Comm. & Utilities	2,600	2,650	2,900	-50	-300
Trade	5,650	5,750	6,100	-100	-450
Finance-Ins. & R.E.	950	1,000	1,100	-50	-150
Services & Misc.	5,550	5,650	6,050	-100	-500
Government	11,400	11,800	11,850	-400	-450

and conversion of existing seafood plants to the processing of bottomfish.

Trade, transportation, communications, real estate, and services industries employment continue their slide. Typically, retail trade employment increases in December in response to holiday buying, but not this year. Slight gains in general merchandise and apparel and other retail outlets were offset by seasonal

declines in eating and drinking establishments.

There was little change in **government** employment except for an end of term drop in state education (University of Alaska). The over-the-year loss in local government employment was greater in the noneducational sector than the education sector, but both lost at least 500 jobs over-the-year.

Table 6
Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	Changes From:				
	p/ 12/87	r/ 11/87	12/86	11/87	12/86
Nonag. Wage & Salary	26,700	27,300	26,700	-600	0
Construction	850	950	950	-100	-100
Manufacturing	3,100	3,550	2,550	-450	550
Food & Kindred Prod.	500	550	350	-50	150
Lumber & Paper Prod.	2,400	2,800	2,000	-400	400
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	2,000	2,000	2,000	0	0
Trade	4,250	4,250	4,350	0	-100
Wholesale	350	350	300	0	50
Retail	3,900	3,900	4,050	0	-150
Finance-Ins. & R.E.	1,100	1,100	1,150	0	-50
Mining, Services & Misc.	4,200	4,250	4,300	-50	-100
Government	11,200	11,200	11,400	0	-200
Federal	2,000	2,050	2,050	-50	-50
State	4,850	4,900	4,950	-50	-100
Local	4,350	4,250	4,400	100	-50

The remaining areas of the state, with the exception of the **Northern Region**, are managing rather well during this recession. The **Southwest** region actually has over-the-year gains in employment while the **Gulf Coast** had a slight drop due to declines in oil and gas employment. The **Southeast** was relatively flat over-the-year despite large cutbacks in government employment in Juneau. Impressive gains in fish harvesting and timber employment in the coastal communities of these areas have offset losses in other industries.

Conclusions

Alaska's economy has suffered staggering losses in employment the past two years. Next month a review of the annual benchmarked numbers (current estimates are replaced with actual employment counts through June 1987 and the estimates from July to December are revised) will better indicate the timing and magnitude of the changes in Alaska's employment. While preliminary benchmark data suggests that there was some difference in the timing and depth of losses by industry the December total employment numbers do not appear to differ greatly from the new numbers. The revised data will be published in the March issue of *Alaska Economic Trends*.

Alaska's economy has both positive and negative factors at work. The biggest negative factor is the uncertain price for oil. Other factors such as real estate and banking problems and the loss in employment over-the-year have a negative psychological effect on spending and investment behavior even though the worst may be over.

On the positive side, Alaska is experiencing over-the-year employment gains in nearly all of Alaska's basic industries. Federal government, fishing and mining industry employment are up and continue to grow. The exchange rate is favorable to Alaska's tourist industry and to its export of fish and timber.

While sectors of the economy, and regions of the economy, appear to be moving in different directions the economy could begin to recover with a strengthening of oil prices or an increase in state budgets.

Table 7
Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	Changes From:				
	p/ 12/87	r/ 11/87	12/86	11/87	12/86
Nonag. Wage & Salary	17,650	18,500	18,000	-850	-350
Mining	650	650	850	0	-200
Construction	700	850	950	-150	-250
Manufacturing	2,650	3,150	1,900	-500	750
Food & Kindred Prod.	2,100	2,550	1,300	-450	800
All Other Mfg.	550	600	600	-50	-50
Trans. Comm. & Utilities	1,400	1,300	1,350	100	50
Trade	3,350	3,400	3,450	-50	-100
Wholesale	500	500	500	0	0
Retail	2,850	2,900	2,950	-50	-100
Finance-Ins. & R.E.	550	550	650	0	-100
Services & Misc.	2,950	3,100	3,200	-150	-250
Government	5,400	5,500	5,650	-100	-250
Federal	550	600	600	-50	-50
State	1,450	1,500	1,500	-50	-50
Local	3,400	3,400	3,550	0	-150

Regional Employment Scene

The **Anchorage-Matanuska** region continues to suffer the most as a result of the recession. Employment declines in December are not unusual in many areas of the state because of seasonal changes in manufacturing. Anchorage, on the other hand, typically has an increase in employment during December as retail trade and other sectors add employment for the holiday season. This year the gains in

the service and trade sectors were too small to offset the seasonal drops elsewhere in Anchorage's economy.

The **Fairbanks** economy continues to drift lower as the full impact of the military expansion has not been fully felt yet. The over-the-month losses hit every industry but as additional military expansion occurs and hiring of civilians by the military catches up with the expansion, Fairbanks' employment picture should improve.

Table 8
Alaska Hours and Earnings for Selected Industries ^{1/2}

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 12/87	R/ 11/87	12/86	P/ 12/87	R/ 11/87	12/86	P/ 12/87	R/ 11/87	12/86
Mining	1,226.55	1,150.69	1,344.56	51.0	49.9	56.0	24.05	23.06	24.01
Construction	868.68	840.22	1,036.46	35.0	35.2	42.6	24.13	23.87	24.33
Manufacturing	504.50	491.97	495.50	39.6	39.9	38.5	12.74	12.33	12.87
Food & Kindred Prod.	328.89	324.48	247.85	39.2	38.4	27.6	8.39	8.45	8.98
Lumber & Paper Prod.	689.29	665.95	668.86	43.0	43.3	53.0	16.03	15.38	12.62
Trans., Comm. & Util.	514.62	545.90	557.00	35.2	36.2	34.9	14.62	15.08	15.96
Trade	347.33	356.31	386.12	32.4	32.9	33.9	10.72	10.83	11.39
Wholesale	516.46	514.26	568.51	38.2	38.9	37.8	13.52	13.22	15.04
Retail	293.10	305.35	329.29	30.5	31.0	32.7	9.61	9.85	10.07
Finance-Ins. & R.E.	375.02	392.63	401.36	34.0	34.9	34.6	11.03	11.25	11.60

Benchmark March 1986

¹ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

² excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Table 9
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P	R/	12/86	P	R/	12/86	P	R/	12/86	P	R/	12/86
	12/87	11/87		12/87	11/87		12/87	11/87		12/87	11/87	
Alaska Statewide	244,318	244,520	241,777	23,808	23,569	27,052	9.7	9.6	11.2	220,510	220,951	214,725
Anch. MatSu Region	130,784	130,232	131,306	10,727	11,340	12,613	8.2	8.7	9.6	120,057	118,892	118,693
Anchorage Borough	116,455	115,599	115,970	8,229	8,576	9,791	7.1	7.4	8.4	108,226	107,023	106,179
MatSu Borough	14,329	14,633	15,336	2,498	2,764	2,822	17.4	18.9	18.4	11,831	11,869	12,514
Gulf Coast Region	25,308	25,676	24,622	3,319	3,064	3,860	13.1	11.9	15.7	21,989	22,612	20,762
Kenai Peninsula Borough	15,614	15,928	15,198	2,494	2,436	2,810	16.0	15.3	18.5	13,120	13,492	12,388
Kodiak Island Borough	5,844	5,913	5,630	364	278	456	6.2	4.7	8.1	5,480	5,635	5,174
Valdez-Cordova	3,850	3,835	3,794	461	350	594	12.0	9.1	15.7	3,389	3,485	3,200
Interior Region	36,960	37,164	37,304	4,981	4,760	5,395	13.5	12.8	14.5	31,979	32,404	31,909
Fairbanks North Star Br.	31,879	32,081	32,194	4,112	3,945	4,487	12.9	12.3	13.9	27,767	28,136	27,707
Southeast Fairbanks	2,199	2,214	2,228	335	325	368	15.2	14.7	16.5	1,864	1,889	1,860
Yukon-Koyukuk	2,882	2,869	2,882	534	490	540	18.5	17.1	18.7	2,348	2,379	2,342
Northern Region	7,849	7,858	7,628	774	751	795	9.9	9.6	10.4	7,075	7,107	6,833
Nome	3,042	3,034	2,978	354	334	382	11.6	11.0	12.8	2,688	2,700	2,596
North Slope Borough	2,767	2,754	2,655	164	139	141	5.9	5.0	5.3	2,603	2,615	2,514
Northwest Arctic Br.	2,040	2,070	1,995	256	278	272	12.5	13.4	13.6	1,784	1,792	1,723
Southeast Region	32,212	32,248	30,935	3,095	2,878	3,557	9.6	8.9	11.5	29,117	29,370	27,378
Haines Borough	909	904	871	123	111	132	13.5	12.3	15.2	786	793	739
Juneau Borough	13,805	13,937	13,250	901	921	1,116	6.5	6.6	8.4	12,904	13,016	12,134
Ketchikan Gateway Br.	6,401	6,453	6,224	536	537	709	8.4	8.3	11.4	5,865	5,916	5,515
Pr. of Wales-Outer Kitch.	2,329	2,338	2,260	342	334	392	14.7	14.3	17.3	1,987	2,004	1,868
Sitka Borough	3,833	3,876	3,601	364	377	339	9.5	9.7	9.4	3,469	3,499	3,262
Skagway-Yakutat-Ang.	1,618	1,532	1,533	372	275	362	23.0	18.0	23.6	1,246	1,257	1,171
Wrangell-Petersburg	3,317	3,208	3,196	457	323	507	13.8	10.1	15.9	2,860	2,885	2,689
Southwest Region	11,205	11,342	9,982	912	776	832	8.1	6.8	8.3	10,293	10,566	9,150
Aleutian Islands	2,845	2,910	2,562	96	88	118	3.4	3.0	4.6	2,749	2,822	2,444
Bethel	4,475	4,536	3,983	390	343	352	8.7	7.6	8.8	4,085	4,193	3,631
Bristol Bay Borough	447	454	394	55	51	45	12.3	11.2	11.4	392	403	349
Dillingham	1,988	2,016	1,778	168	147	160	8.5	7.3	9.0	1,820	1,869	1,618
Wade Hampton	1,450	1,426	1,265	203	147	157	14.0	10.3	12.4	1,247	1,279	1,108

P/ Preliminary R/ Revised 1986 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's rural localities have proportionately more of these discouraged workers.

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